

EXHIBIT 1

INTRODUCTION

Respondent Pacific Spanish Network, Inc. is a California corporation engaged in radio communications, headquartered in Chula Vista.

In 2002, during the first semi-annual reporting period of January 1, 2002 through June 30, 2002, Respondent made \$50,000 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. Furthermore, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement” disclosing its contributions during the periods January 1, 2002 through June 30, 2002 and July 1, 2002 through December 31, 2002. Finally, as Respondent’s contributions exceeded \$50,000 for the calendar year, Respondent was also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

In this case, Respondent made two late contributions in 2002, which it failed to disclose in properly filed late contribution reports, thereby committing two violations of the Act. Respondent also failed to file two major donor campaign statements, thus committing two additional violations of the Act. Finally, Respondent failed to electronically file three campaign statements, thereby committing three additional violations of the Act.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

COUNT 1: Respondent Pacific Spanish Network, Inc. failed to disclose a \$20,000 late contribution to the Lieutenant Governor Bustamante 2002 Committee in a properly filed late contribution report, by the February 23, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 2: Respondent Pacific Spanish Network, Inc. failed to file a semi-annual campaign statement, by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 3: Respondent Pacific Spanish Network, Inc. failed to timely file a major donor campaign statement electronically, by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84605, subdivision (a).
- COUNT 4: Respondent Pacific Spanish Network, Inc. failed to disclose a \$5,000 late contribution to the Mendoza for Insurance Commissioner Committee in a properly filed late contribution report, by the November 1, 2002 due date, in violation of section 84203, subdivision (a).
- COUNT 5: Respondent Pacific Spanish Network, Inc. failed to disclose a \$5,000 late contribution to the Mendoza for Insurance Commissioner Committee in a electronically filed late contribution report, by the November 1, 2002 due date, in violation section 84605, subdivision (a).
- COUNT 6: Respondent Pacific Spanish Network, Inc. failed to file a semi-annual campaign statement, by January 31, 2003, for the reporting period July 1, 2002 through December 31, 2002, in violation of section 84200, subdivision (b).
- COUNT 7: Respondent Pacific Spanish Network, Inc. failed to timely file a major donor campaign statement electronically, by January 31, 2003, for the reporting period July 1, 2002 through December 31, 2002, in violation of section 84605, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Campaign Statements

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 84215, subdivision (a) requires all major donor committees supporting statewide elected officers to file the committee’s campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

As a major donor committee, Respondent had a duty to file certain reports disclosing campaign contributions and expenditures made by Respondent Committee, as addressed below.

Duty to Disclose Late Contributions

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election. Under section 84200.7, subdivision (b), for an election held in November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Duty to Disclose Campaign Contributions and Expenditures

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Duty to Disclose Campaign Statements Electronically

Section 84605, subdivision (a) requires, beginning July 1, 2000, that major donor committees that make contributions totaling fifty thousand dollars (\$50,000) or more in a calendar year must file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount is met.

SUMMARY OF THE FACTS

During the first semi-annual campaign reporting period of 2002, Respondent Pacific Spanish Network, Inc. made \$50,000 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

COUNTS 1 and 4

Failure to File Late Contribution Reports

As a major donor committee, Respondent Pacific Spanish Network, Inc. had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that it made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002. The late contribution reporting period for the November 5, 2002 general election was October 20, 2002 through November 4, 2002.

On February 22, 2002, Respondent Pacific Spanish Network, Inc. made a contribution of \$20,000 to the Lieutenant Governor Bustamante 2002 Committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondent was required to disclose the contribution in a late contribution report filed by February 23, 2002. Respondent did not do so. By failing to disclose the \$20,000 contribution in a late contribution report filed by February 23, 2002, Respondent violated section 84203, subdivision (a).

On October 31, 2002, Respondent Pacific Spanish Network, Inc. made a contribution of \$5,000 to the Mendoza for Insurance Commissioner Committee. As the contribution was made during the late contribution reporting period prior to the November 5, 2002 general election, Respondent was required to disclose the contribution in a late contribution report filed by November 1, 2002. Respondent did not do so. By failing to disclose the \$5,000 contribution in a late contribution report filed by November 1, 2002, Respondent violated section 84203, subdivision (a).

By failing to file late contribution reports disclosing two late contributions, as set forth above, Respondent committed two violations of section 84203, subdivision (a).

COUNTS 2 and 6

Failure to Timely File Semi-Annual Campaign Statements

Respondent Pacific Spanish Network, Inc. had a duty to file a semi-annual campaign statement by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002 and by January 31, 2003, for the reporting period July 1, 2002 through December 31, 2002. Respondent failed to file a semi-annual campaign statement, by July 31, 2002, in violation of section 84200, subdivision (b). Respondent also failed to file a semi-annual campaign statement, by January 1, 2003, in violation of section 84200, subdivision (b). By failing to properly file two semi-annual campaign statements, Respondent committed two violations of section 84200, subdivision (b).

Respondent filed a semi-annual campaign statement for the reporting period January 1, 2002 through June 30, 2002 with the County of San Diego Registrar of Voters on January 28, 2003, over six months late. The semi-annual campaign statement disclosed that Respondent had made \$50,000 in contributions during the reporting period. Respondent has yet to file a first semi-annual campaign statement with the Office of the Secretary of State.

Respondent timely filed a semi-annual campaign statement for the reporting period July 1, 2002 through December 31, 2002 with the County of San Diego Registrar of Voters on January 31, 2003. The semi-annual campaign statement disclosed that Respondent had made \$15,000 in contributions during the reporting period. Respondent has yet to file a second semi-annual campaign statement with the Office of the Secretary of State.

COUNTS 3, 5 and 7
Failure to File Campaign Statements Electronically

As a major donor committee which made contributions of \$50,000 or more in a calendar year, Respondent Pacific Spanish Network, Inc. had a duty to file all of its required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met. On May 17, 2002, Respondents total contributions for the calendar year 2002 totaled \$50,000.

Respondent Pacific Spanish Network, Inc. failed to electronically file a semi-annual statement with the Secretary of State for the first semi-annual reporting period of January 1, 2002 through June 30, 2002, disclosing \$50,000 in contributions, by the July 31, 2002 due date.

Prior to the November 5, 2002 general election, Respondent Pacific Spanish Network, Inc. made a late contribution, and failed to electronically file a late contribution report disclosing the contribution. Respondent made a late contribution of \$5,000 on October 31, 2002 to the Mendoza for Insurance Commissioner Committee, and failed to electronically file a late contribution report disclosing the \$5,000 late contribution by the November 1, 2002 due date.

Respondent Pacific Spanish Network, Inc. failed to electronically file a semi-annual statement with the Secretary of State for the second semi-annual reporting period of July 1, 2002 through December 31, 2002, disclosing \$15,000 in contributions, by the January 31, 2003 due date.

By failing to file three required campaign statements and reports electronically with the Secretary of State, as set forth above, Respondent committed three violations of section 84605, subdivision (a).

CONCLUSION

This matter consists of seven counts, which carry a maximum possible administrative penalty of Thirty Five Thousand Dollars (\$35,000).

Regarding Counts 1, 4, and 5, under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contributions. Although this case has been excluded from the streamlined program, due to Respondent's additional reporting violations, the late contribution reporting violations in this case do not appear to be especially aggravated, and therefore, imposition of a penalty approximating that standard penalty is appropriate.

Regarding Counts 2, 3, 6 and 7, the typical stipulated administrative penalty for the late filing of a semi-annual campaign statement not resolved through a streamlined program has historically ranged from \$1,500 to \$2,500 per statement. This matter was not eligible for the Enforcement Division's Streamlined Major Donor program, as these violations took place in the

context of additional reporting violations by Respondent. However, as the semi-annual campaign statement violations do not appear to be especially aggravated, an administrative penalty for each violation at the middle of the applicable penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Twelve Thousand Five Hundred Dollars (\$12,500).